

# North American Energy Standards Board

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## Review of NAESB Creation and Next Steps

Presented to the Department of Energy  
National Energy Technology Laboratory

Houston, TX  
May 15, 2002

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# North American Energy Standards Board Process For Standards Development

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- ❖ Focused on Common Business Practices and Technical Guidelines
- ❖ Broadly Endorsed by the Industry
- ❖ That Provide Conformity
- ❖ Which Yield More Efficient and Effective Transactional Processes



# North American Energy Standards Board

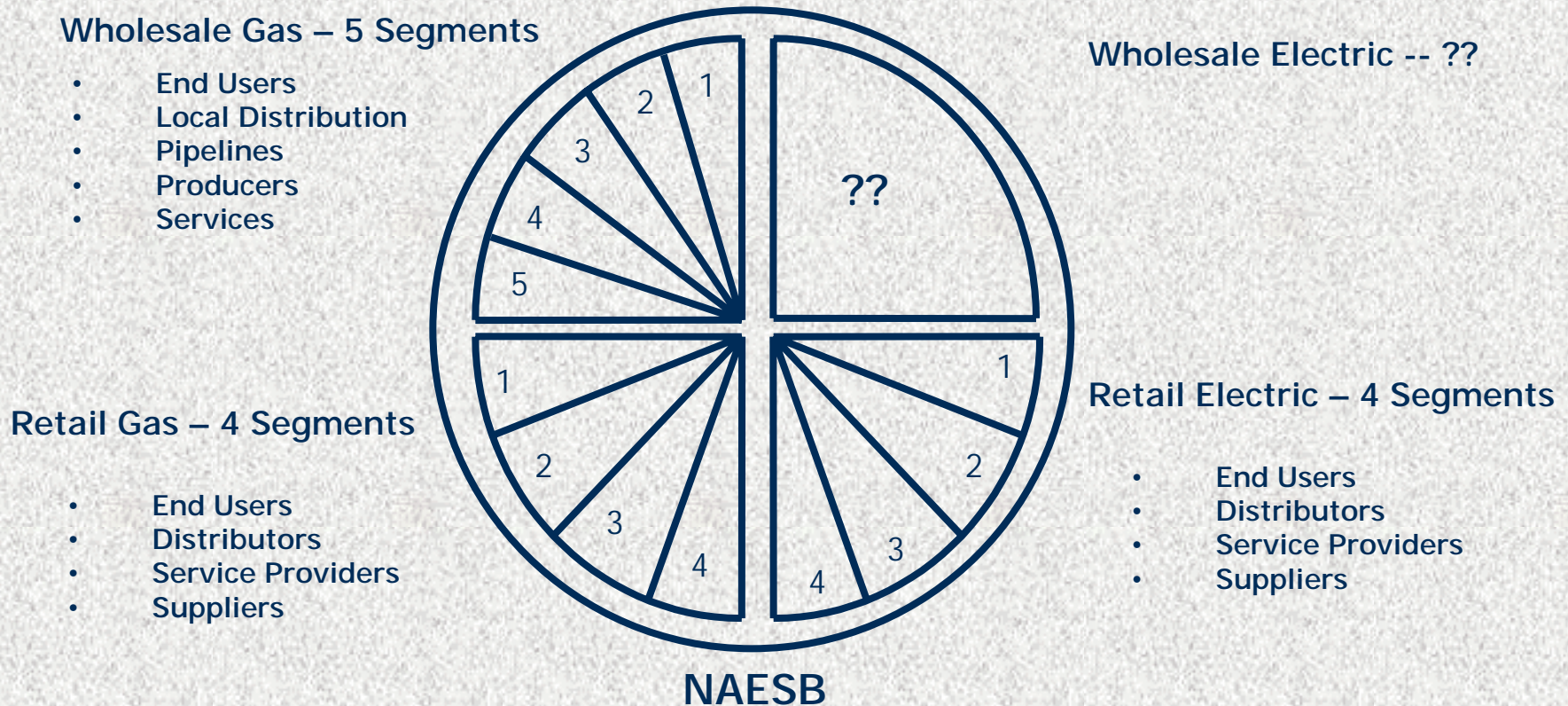
## Founding Principles

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- ❖ Inclusivity
- ❖ Flexibility
- ❖ Structural Protections
- ❖ Process Orientation
- ❖ Effectiveness
- ❖ Credibility



# North American Energy Standards Board Quadrant & Segment Organization - Structure



# North American Energy Standards Board Wholesale Gas Quadrant Segments

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The Wholesale Gas Quadrant is organized into 5 Segments:

- ❖ Producers, Pipelines, Services, Distribution, End Users
- ❖ Each Segment has 5 representatives on the Board and Executive Committee
- ❖ There are currently 155 corporate members of the Wholesale Gas Quadrant



# North American Energy Standards Board

## Retail Gas Quadrant Segments

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The Retail Gas Quadrant has 4 segments:

- ❖ **Suppliers**
  - ❖ **Distributors**
  - ❖ **End Users**
  - ❖ **Service Providers**
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- ❖ **Everyone that wants to join the NAESB Retail Gas Quadrant must be able to find himself in one of the defined segments.**

# North American Energy Standards Board

## Retail Electric Quadrant Segments

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The Retail Electric Quadrant has 4 segments:

- ❖ **Suppliers**
  - ❖ **Distributors**
  - ❖ **End Users**
  - ❖ **Service Providers**
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- ❖ **Everyone that wants to join the NAESB Retail Electric Quadrant must be able to find himself in one of the defined segments.**



# North American Energy Standards Board

## Wholesale Electric Quadrant Segments

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- ❖ The Wholesale Electric Quadrant segments have not yet been determined, but NAESB is holding meetings to determine such.
- ❖ The most recent meeting was held on May 9, 2002.
- ❖ Materials from that meeting can be accessed from the NAESB web site ([www.naesb.org](http://www.naesb.org)).



# North American Energy Standards Board

## Governance and Autonomy of Quadrants

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### Whole Organization

- ❖ Follows founding principles
- ❖ Follows Voting Requirements
- ❖ Process for Developing Standards

### Quadrant Specific Governance

- ❖ Determines Segment Makeup
- ❖ Sets own pace for standards development
- ❖ Determines which standards apply to them

# North American Energy Standards Board

## Governance and Autonomy of Quadrants

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### Each Quadrant cannot by itself:

- ❖ Create Quadrant processes inconsistent with NAESB principles or bylaws
- ❖ Approve standards requiring multi-Quadrant approval



# North American Energy Standards Board Standards Development and the Annual Plan

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## ❖ Annual Plan

- ❖ Members and Interested Industry  
Participants determine scope and priority of standards work by quadrant
- ❖ Quadrant Annual Plans are prepared and submitted to the Board for approval
- ❖ Only standards development pursuant to the AP or requests is undertaken



# North American Energy Standards Board Standards Development Tenets

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- ❖ Standards development based on an Annual Plan
- ❖ Balanced voting structure at EC and subcommittees
- ❖ Multiple opportunities for involvement and comment
- ❖ Defined process for standards development with several tiers of voting to ensure broad based support



# North American Energy Standards Board

## Voting Rules

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- ❖ Voting Rules
  - ❖ Business subcommittees utilize a "balanced" segment voting process to forward recommendations on standards development
  - ❖ Voters are not required to be members in subcommittees
  - ❖ Executive Committee approval requires a "super-majority"
  - ❖ Membership ultimately ratifies all standards development

# North American Energy Standards Board

## Voting Rules

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Board of Directors -- (governance)	75% of each quadrant 40% of each segment
Executive Committee -- (standards)	67% of each quadrant 40% of each segment
Subcommittees -- (proposed standards)	>50% Balanced Across Segments of each quadrant balanced voting in the segments**

\*\* Each segment has up to two votes apportioned equally over those segment attendees present; one company – one vote



# North American Energy Standards Board Joint Development, Reconsideration

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- ❖ The structure provides flexibility for quadrants to jointly develop standards in two ways:
  - ❖ When the EC determines from the request that it is in their best interest to do so, they jointly develop the standards
  - ❖ When EC Quadrants other than those to which the request was assigned determine from the subcommittee's recommended standards that such standards could apply to them, they reconsider the recommended standards to determine if changes are needed for their quadrant's needs.



# North American Energy Standards Board

## Voluntary Nature of Standards

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### ❖ Voluntary Standards

- ❖ From the organization's perspective, all standards are voluntary and may be provided to regulatory agencies as status reports as they are published.
- ❖ Regulatory agencies may choose to adopt standards.
- ❖ The organization will not monitor for compliance, provide performance measures for compliance, nor will it define sanctions for non-compliance.
- ❖ The organization will not advocate.
- ❖ This is typical of ANSI accredited Standards Development Organizations.



# North American Energy Standards Board Milestones

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- ❖ September 19, 2001 – Board adopted certificate changes to transform GISB to NAESB on January 1, 2002
- ❖ December 5, 2001 – Board Meeting during which Bylaws were adopted
- ❖ January 1, 2002 -- GISB officially changes to NAESB.
- ❖ March 7, 2002 – Board Meeting in which the quadrant procedure for the two retail quadrants were adopted.
- ❖ December 19 – FERC issues order on guidance for an organization to address wholesale electric market standards
- ❖ March 15, 2002 – Industry files comments with the FERC regarding standards organizations for the wholesale electric market.

# North American Energy Standards Board

## Next Steps

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- ❖ April – May 2002 – Determination of Wholesale Electric Quadrant Segments (tentatively 5 as of May 8/9)
- ❖ May - June 2002 – Elections held in the retail quadrants to determine Board and EC members. Possibly, elections held in the wholesale electric quadrant assuming segments defined and membership thresholds attained.
- ❖ Second Quarter 2002 – NAESB retail quadrants prepare annual plans
- ❖ June 28, 2002 – NAESB Board meeting in Seattle.
- ❖ Third Quarter 2002 – Advisory Council meeting after June Board meeting.



# North American Energy Standards Board Standards Development Process

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NAESB standards development process and timelines

# North American Energy Standards Board Structure

## NAESB - Board of Directors

---?? Members---

Electric Wholesale  
Quadrant

Gas Wholesale  
Quadrant

Electric Retail  
Quadrant

Gas Retail  
Quadrant

*The Board meets "en banc" to consider and act on all items brought before it. For the Board, each quadrant is composed of segments determined by that quadrant. For a given quadrant, each segment's representatives on the Board will have an equal number of members. Each quadrant has an equal voice in voting and each segments' interests are balanced within that quadrant.*

## Executive Committee (EC)

---?? Members---

Electric Wholesale  
Quadrant

Gas Wholesale  
Quadrant

Electric Retail  
Quadrant

Gas Retail  
Quadrant

*The Executive Committee meets and acts with specific quadrants acting on applicable standards. For the Executive Committee as with the Board, each quadrant is composed of segments determined by that quadrant. For a given quadrant, each segment's representatives on the EC will have an equal number of members. Each quadrant has an equal voice in voting and each segments' interests are balanced within that quadrant.*

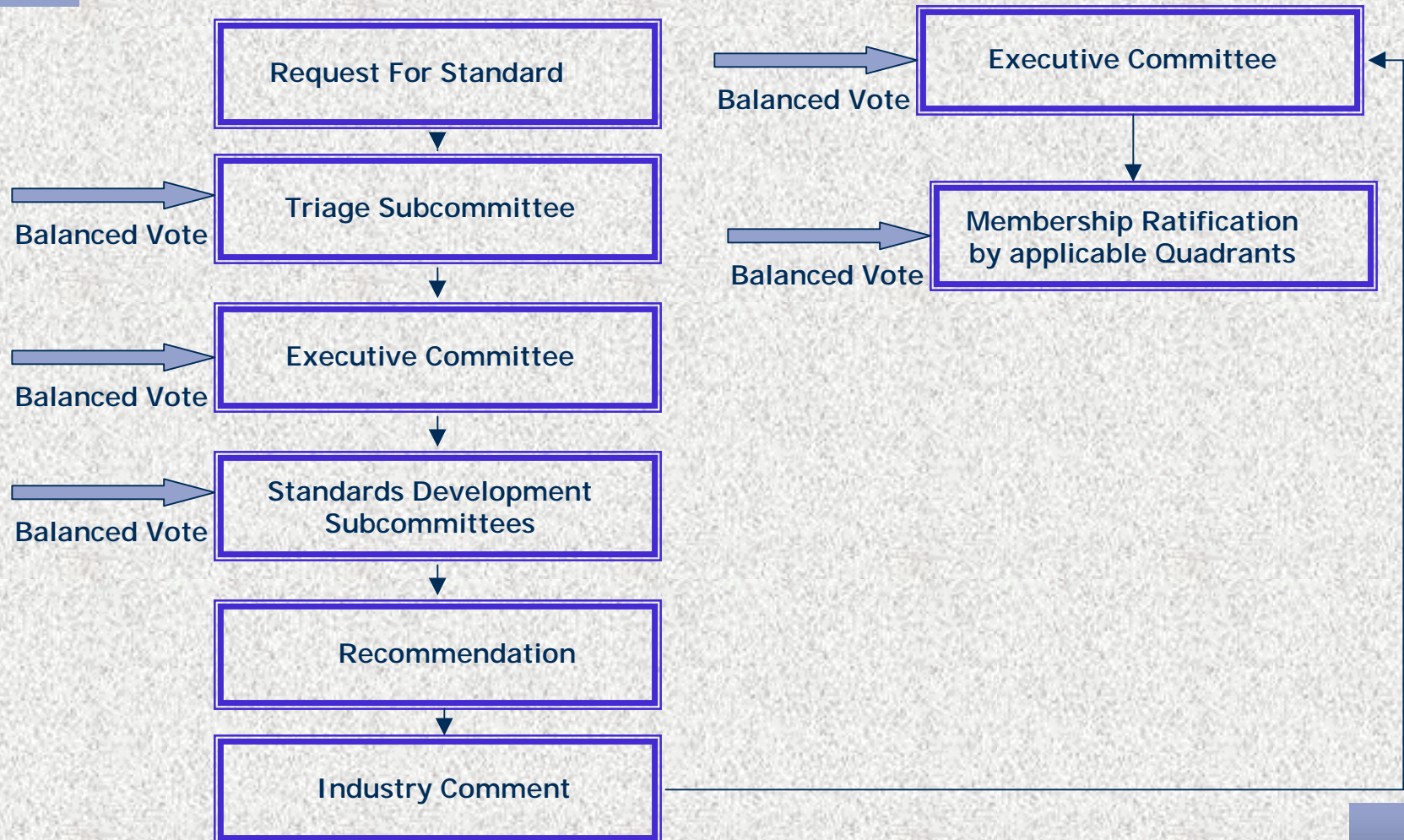
Triage Committee

Standards Development Subcommittees



# North American Energy Standards Board

## A "Day in the Life" of a Standard



# North American Energy Standards Board

## How to Find Out More Information

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- ❖ Web Site : [www.gisb.org](http://www.gisb.org), [www.naesb.org](http://www.naesb.org)
  - ❖ Bylaws, Strawman, Certificate for NAESB
  - ❖ Comments, Board minutes, EC Minutes, How to order Transcripts.
- ❖ Contact Information
  - ❖ Phone – 713-356-0060
  - ❖ Fax – 713-356-0067
  - ❖ Email – [gisb@aol.com](mailto:gisb@aol.com), [naesb@aol.com](mailto:naesb@aol.com)